

CITY OF CHOICE



**PIETERMARITZBURG
M S U N D U Z I**

ANNUAL DRAFT BUDGET OF
MSUNDUZI LOCAL
MUNICIPALITY
KZN225

2012/13 TO 2014/15
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MBRR	Municipal Budget & Reporting Regulations
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

Part 1 – Annual Budget

1.1 Executive Summary

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the City has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars No. 51, 54, 55, 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Umgeni Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/13 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2012/13 MTREF

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)						
Description	Ref	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Budget Year 2012/13	%Increase	Difference in Rands
Revenue By Source						
Total Revenue (excluding capital transfers and contributions)		3,339,196	2,637,244	2,936,539	11.3%	299,295
Expenditure By Type						
Total Expenditure		3,339,106	2,772,925	2,894,707	4.21%	121,782
Capital Funding & Expenditure		411,313	351,440	230,014	-34.55%	(121,426)

Total operating revenue has grown by 10.19 per cent or R299 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 18.35 percent (R484 067) and 24.40 per cent (R643 414) respectively, equating to a total revenue growth of R1,125,901 over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R2.85 billion and translates into a budgeted surplus of R70 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 3.32 per cent in the 2012/13 budget and by 7.72 and 12.95 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R132 million and then stabilise at R148 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R230 million for 2012/13 is 34.55 per cent less when compared to the 2011/12 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. The capital programme decreases to R230 million in the 2012/13 financial year, further decreases in 2013/14 to R215 million and in 2014/15 to R180 million. For a substantial increase

of the capital budget over the MTREF the municipal council should consider additional borrowings in each of the financial years of the MTREF. Note that the City has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has substantially increased over the past five years as a result of the aggressive capital infrastructure programme implemented over the past three years. Consequently, the capital budget remains relatively flat over the medium-term.

1.2 Operating Revenue Framework

For Msunduzi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source										
Property rates	371,363	420,030	448,257	488,358	500,096	500,096	500,096	535,000	563,355	590,959
Property rates - penalties & collection charges	18,942	20,285	26,358	28,455	28,455	28,455	28,455	30,000	31,590	33,138
Service charges - electricity revenue	584,115	816,263	101,459	1,185,517	1,227,850	1,227,850	1,227,850	1,424,306	1,499,794	1,573,284
Service charges - water revenue	199,654	213,633	270,107	301,906	285,317	285,317	285,317	348,000	366,444	384,400
Service charges - sanitation revenue	64,783	76,207	102,592	113,760	107,432	107,432	107,432	114,000	120,042	125,924
Service charges - refuse revenue	46,242	53,287	65,559	68,603	69,853	69,853	69,853	75,000	78,975	82,845
Rental of facilities and equipment	17,099	15,571	17,313	18,261	18,261	18,261	18,261	10,000	10,530	11,046
Interest earned - external investments	10,019	5,454	12,823	15,800	15,800	15,800	15,800	12,100	12,741	13,366
Interest earned - outstanding debtors	19,812	1,304	47,437	1,019	1,019	1,019	1,019	1,080	1,137	1,193
Fines	11,521	7,084	5,354	6,073	6,073	6,073	6,073	2,000	2,106	2,209
Licences and permits	66	72	89	90	90	90	90	95	100	105
Agency services	4,862	1,435	577	335	335	335	335	355	374	392
Transfers recognised - operational	181,063	276,022	300,842	326,131	326,131	326,131	326,131	365,204	413,725	442,058
Other revenue	301,756	872,328	1,503,474	784,890	50,534	50,534	50,534	19,400	20,428	34,684
Total Revenue (excluding capital transfers and contributions)	1,831,298	2,778,976	2,902,241	3,339,196	2,637,244	2,637,244	2,637,244	2,936,540	3,121,341	3,295,603

Table 3 Percentage growth in revenue by main revenue source

Description R thousand	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Revenue By Source							
Property rates	500,096	535,000	6.98%	563,355	5.30%	590,959	4.90%
Property rates - penalties & collection charges	28,455	30,000	5.43%	31,590	5.30%	33,138	4.90%
Service charges - electricity revenue	1,227,850	1,424,306	16.00%	1,499,794	5.30%	1,573,284	4.90%
Service charges - water revenue	285,317	348,000	21.97%	366,444	5.30%	384,400	4.90%
Service charges - sanitation revenue	107,432	114,000	6.11%	120,042	5.30%	125,924	4.90%
Service charges - refuse revenue	69,853	75,000	7.37%	78,975	5.30%	82,845	4.90%
Service charges - other							
Rental of facilities and equipment	18,261	10,000	-45.24%	10,530	5.30%	11,046	4.90%
Interest earned - external investments	15,800	12,100	-23.42%	12,741	5.30%	13,366	4.90%
Interest earned - outstanding debtors	1,019	1,080	6.00%	1,137	5.30%	1,193	4.90%
Dividends received							
Fines	6,073	2,000	-67.07%	2,106	5.30%	2,209	4.90%
Licences and permits	90	95	6.00%	100	5.30%	105	4.90%
Agency services	335	355	6.00%	374	5.30%	392	4.90%
Transfers recognised - operational	326,131	365,204	11.98%	413,725	13.29%	442,058	6.85%
Other revenue	50,534	19,400	-61.61%	20,428	5.30%	34,684	69.79%
Gains on disposal of PPE							
Total Revenue (excluding capital transfers and contributions)	2,637,244	2,936,540	11.35%	3,121,341	6.29%	3,295,602	5.58%
Total revenue from rates and service charges	2,219,002	2,526,306	13.85%	2,660,200	5.30%	2,790,550	4.90%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges totalled R2.2 billion or 83.06 per cent. This increases to R2.5 billion, R2.6 billion and R2.7 billion in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totalling 18 per cent or R535 million and increases to R563 million by 2013/14. The third largest sources is 'other revenue' which consists of various items such as revenue received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R365 million in the 2012/13 financial year and steadily increases to R413 million by 2013/14. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		179,763	203,378	267,375	312,242	312,242	312,242	342,704	366,152	393,959
Local Government Equitable Share		176,117	199,824	267,211	304,835	304,835	304,835	338,903	363,502	391,259
Finance Management		500	750	165	1,441	1,441	1,441	1,500	1,750	1,750
Municipal Systems Improvement		400	400		790	790	790	800	900	950
EPWP Incentive								1,501		
		2,746	2,404							
Other transfers/grants					5,176	5,176	5,176			
Provincial Government:		2,075	10,548	33,467	13,889	13,889	13,889	22,500	47,573	48,099
Other transfers and grants [insert description]			9,161							
Provincial Government:				20,979	13,889	13,889	13,889			
Operating Grant - Property Rates		2,075	1,387							
Health				12,488				2,537		
Human Settlements								9,000	26,020	25,518
Arts and Culture								10,963	21,553	22,581
Total Operating Transfers and Grants	5	181,838	213,926	300,842	326,131	326,131	326,131	365,204	413,725	442,058

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Umgeni Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the City has undertaken the tariff setting process relating to service charges as follows.

1.2.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 7 per cent increase from 1 July 2012 is contained below:

Table 5 Comparison of proposed rates to levied for the 2011/12 financial year

<u>Rates</u>				
VOTE	SUB	ITEM	2011/12	2012/13
060	448	8208	Cents in the R	Cents in the R
1. A GENERAL RATE , assessed in terms of the Local Government: Municipal Property Rates Act 6 of 2004			0.0189	0.0202
(a)				
) <u>Vacant Land</u> - no rebate granted (net)			0.0189	0.0202
(b)				
) <u>Unauthorised use</u> plus surcharge			0.0189	0.0242
2. REBATES:				
<u>Residential Property</u>				
(a)				
) A rebate on the valuation of rateable property			0.0085	0.0091
Rate Randage – after rebate	(net)		<u>0.0104</u>	<u>0.0111</u>
<u>Other Properties</u>				
(b)				
) A rebate on the valuation of rateable property			0.0006	0.0006
Rate Randage – after rebate	(net)		<u>0.0183</u>	<u>0.0196</u>
<u>Agricultural Property</u>				
(c)				
) A rebate on the valuation of rateable property			0.0163	0.0175
Rate Randage – after rebate	(net)		<u>0.0026</u>	<u>0.0027</u>
<u>Public Service Infrastructure</u>				
(d)				
) A rebate on the valuation of rateable property			0.0163	0.0175
Rate Randage – after rebate	(net)		<u>0.0026</u>	<u>0.0027</u>

Rural Communal Property

(e)				
)	A rebate on the valuation of rateable property		0.0028	0.0072
	Rate Randage – after rebate	(net)	<u>0.0161</u>	<u>0.0130</u>

Home Business and DSF properties

(f)	A rebate on the valuation of rateable property		0.0028	0.0061
	Rate Randage – after rebate	(net)	<u>0.0161</u>	<u>0.0141</u>

Sectional Title Garages - Separately Registered

(g)				
)	A rebate on the valuation of rateable property		0.0085	0.0091
	Rate Randage – after rebate	(net)	<u>0.0104</u>	<u>0.0111</u>

Mining

(h)	A rebate on the valuation of rateable property		0.0006	0.0006
	Rate Randage – after rebate	(net)	<u>0.0183</u>	<u>0.0196</u>

3. OTHER REBATES:Impermissible and Free Value based rebates

- (i) No rates shall be levied on the market value of the first R15,000 of residential property.
A rebate of 100% will be granted on all residential property from a value of R15,001 to a value of R150,000.

Aged Persons and Disability Grantees Rebate

(i)	Aged Persons Occupier Owner Applicants:			
	Female – 60 years and over			
	Male – 63 years and over			
	Total monthly income of all occupants and owners from all sources			
	Under age 75		R 2,896	R 3,000
	Age 75 and over			R 3,040
	%'tage Rebate –		33 ⅓%	33 ⅓%
	or			
	Total monthly income of all occupants and owners from all sources			
	Under age 75		R 2,280	R 2,400
	Age 75 and over			R 2,440
	%'tage Rebate –		40% max.	40% max.

FINANCIAL MANAGEMENTRates

VOTE	SUB	ITEM	2011/12	2012/13
060	448	8208		
			Cents in the R	Cents in the R

Listed Buildings

(l)	Rates Rebate after primary rebate on Listed Buildings		40%	40%
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	Max	Max
Developers Rebate		
Rates Rebate on VL only subject to Council Conditions	Year 1	100%
	Year 2	66.6%
	Year 3	33%

4. General Note

- No rebates on Listed Buildings and Developers properties will be granted to ratepayers where any arrears is outstanding on the property for rates & services. Rebate will only be granted to aged persons where arrangements are made for arrears and where all arrangements are being maintained.
- Existing Newly Incorporated Properties have been phased in over three years and no further rebates will be granted in terms of the Municipal Property Rates Act.
- Rural Communal Properties will be phased in over four years and a rebate of 25% will be granted in this financial year.
- No rates will be levied on property owned and occupied by the Msunduzi Municipality.
- Properties that were not previously rated in terms of the Local Authorities Ordinance, that do not qualify in terms of the MPRA or other Council criteria as a place of worship or public benefit organisation, will be rated in terms of their current use category and continue to be phased in according to the MPRA. A phase in rebate of 25% will apply for the current financial year.

VOTE 022	SUB 415	ITEM 8436
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Miscellaneous Charges

- | | | | |
|---|---|-------|-------|
| 1 | Revenue Clearance Certificate Application Fee | R 220 | R 230 |
|---|---|-------|-------|

1.2.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umgeni Water has increased its bulk tariffs with 17.5 per cent from 1 July 2012, which increase contributes to approximately 48 per cent of the City's water input cost.

Umgeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umgeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise R1.6 billion for infrastructure upgrades, hence the significant increase in the bulk cost of water.

A tariff increase of 22 per cent from 1 July 2012 for water is proposed. This is based on input cost assumptions of 17.5 per cent increase in the cost of bulk water (Umgeni Water), and the cost of other inputs increasing by 4.5 per cent.

Breakdown of 17.5% percent is as follows:

-6.5%	Umgeni tariff increase
-11%	Construction of Spring Grove Dam

Table 6 Comparison between current water charges and increases (Domestic)

<u>Water Tariffs</u>					
VOTE 787	SUB 460	ITEM 8595	2010/11 Excl. Vat	2011/12 Excl. Vat	2012/13 Excl. Vat
<u>Water Supply Tariffs</u>					9%
1	Scale 2 (1) – Domestic				
	Basic Charge		R 0.00	R 0.00	R 10.00
	0kl to 6kl		R 30.11	R 32.52	R 35.45
	2 (2) – Domestic				
	7kl to 30kl per kl		R 10.13	R 10.94	R 11.93
	2 (3) – Domestic				
	31kl to 60kl per kl		R 14.95	R 16.15	R 17.60
	2 (4) _Domestic				
	61kl and over per kl		R 17.45	R 18.85	R 20.54
	2 (5) _Domestic				
	Flat rate(unmetered households)..est		est		R60.00
2	Scale 3A – Flats, Simplexes				
	Basic Charge		R 0.00	R 0.00	R 10.00
	Unit		R 9.55	R 10.31	R 11.24

3	Scale 3B – Flats (Non-Rateable)			
	Basic Charge	R 0.00	R 0.00	R 10.00
	Unit	R 13.14	R 14.19	R 15.47
4	Scale 4A – Commercial			
	Basic Charge	R 0.00	R 0.00	R 15.00
	Unit	R 10.65	R 11.50	R 12.54
5	Scale 4B – Commercial (Non-Rateable)			
	Basic Charge	R 0.00	R 0.00	R 15.00
	Unit	R 13.14	R 14.19	R 15.47
6	Scale 5A – Builders, Construction Sites			
	Basic Charge	R 0.00	R 0.00	R 15.00
	Unit	R 13.14	R 14.19	R 15.47
	Scale 5B – Flat Rate-Unmetered Fire Mains	R 0.00	R 0.00	R 150.00
7	Scale 6 – Religious Organisations			
	Basic Charge	R 0.00	R 0.00	R 10.00
	Unit	R 10.42	R 11.25	R 12.27
8	Scale 7 – Registered Welfare & Charitable Institutions & certain Sporting Bodies			
	which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council.			
	Unit	R 10.42	R 11.25	R 12.27
10	Scale 8 – Municipal Departments			
	Unit	R 9.95	R 10.75	R 11.71

Free Lifeline Services

Domestic water supply tariff only

The first 6kl will be free consumption in excess of 6kl will be charged according to tariff structure as outlined in 1 .

The tariff structure of the 2011/12 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R14.41 per kilolitre for consumption in excess of 72kl per 30 day period.

1.2.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 16 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 16 per cent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Table 7 Comparison between current electricity charges and increases (Domestic)

City Electrical Engineers

DESCRIPTION	VOTE	SUB	ITEM	2011/12	2012/13
Domestic – Basic Charge	704	412	8401	Excl. Vat	Excl. Vat
Domestic – Amp Charge	704	412	8154		13%
Domestic – Energy Charge	704	412	8157		

Scale A: Domestic

1	A.I Single-Phase up to 80A – Basic Charge per month	R 16.20	R 17.50		
	Net Ampere Charge per amp per phase p.m.			R 5.994	R 6.773
	Energy Charge per kWh (cents)	51.728	58.453		

DESCRIPTION	VOTE	SUB	ITEM
Domestic – Basic Charge	704	412	8401
Domestic – Amp Charge	704	412	8154
Domestic – Energy Charge	704	412	8157

2 Scale A.3 Three Phase up to 100A

Basic Charge per month	R 27.00	R 29.16		
Net Ampere Charge per amp per phase p.m.			R 4.610	R 5.210
Energy Charge per kWh (cents)	51.728	58.453		

DESCRIPTION	VOTE	SUB	ITEM
Small Power Users Basic Charge	704	412	8402
Small Power Users Ampere charge	704	412	8376
Small Power Users Energy Charge	704	412	8289

Scale B: Small Power users (Maximum Load 65 kVA)

3 Scale B.1 Single-Phase up to 80A

Basic Charge per month	R 43.20	R 46.66	R 13.14	R 14.84
Net Ampere Charge per amp per phase p.m.			0	8
Energy Charge per kWh (cents)	53.019	59.911		

4 Scale B.3 Three-Phase up to 100A

Basic Charge per month	R 75.60	R 81.65	R 10.95	R 12.37
Net Ampere Charge per amp per phase p.m.			0	4
Energy Charge per kWh (cents)	53.019	59.911		
Minimum Charge per amp per phase p.m.			R 10.95	R 12.37
			0	4

INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT
ELECTRICITY DISTRIBUTION MANAGEMENT
City Electrical Engineers

DESCRIPTION	VOTE	SUB	ITEM
Large Power Users Bulk Basic	704	412	8403
Large Power Users Bulk kVa	704	412	8049
Large Power Users Bulk kWh	704	412	8052

2011/12
Excl. Vat

2012/13
Excl. Vat

Scale C: Large Power users (Load greater than 65 kVA)

5 Scale C.1 Supply taken at 400V

Basic Charge per month	R 324.00	R 349.92
Demand charge per kVA per month	R 119.378	R 134.898
Energy charge per kWh (cents)	51.141	57.790

* The minimum charge per month payable by the consumer under Scale C shall be an amount calculated as aforesaid on the basis of 70% of the highest maximum demand in kVA notified to the City Electrical Engineer by the consumer or 70% of the previous twelve months highest maximum in kVA, whichever is the higher.

VOTE 704	SUB 412	ITEM 8289
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Scale D.1: Block Tariff

This scale may be applied to any consumer at his election as an alternative to any other scale.

6	Energy Charge per kWh	R 2.450	R 2.768
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* The minimum monthly charge payable by the consumer under this scale shall be an amount calculated as aforesaid based on 50% of the highest monthly meter reading in the last twelve months.

VOTE 704	SUB 412	ITEM 8409
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Customers with a 20amp circuit breaker			
7	Energy Charge only (cents)	70.855	80.066
Only applicable to consumers who are registered as indigent. Consumers will receive 50 kWh free.			

Scale S: Prepayment Meter Tariff

8	Energy Charge only (cents)	87.364	98.722
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INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT ELECTRICITY DISTRIBUTION MANAGEMENT

City Electrical Engineers

DESCRIPTION	VOTE	SUB	ITEM
Time of Use: Basic	704	412	8404
Time of Use: Demand kVa	704	412	8405

2011/12	2012/13
Excl. Vat	Excl. Vat

Time of Use: Access kVa	704	412	8406
Time of Use: kWh	704	412	8407

Scale T: Time Of Use Tariff

9 Scale T.1 Supply taken at 6.6 or 11 kV

Basic Charge per month	R 1,620.00	R 1,749.60
Demand charge per kVA per month	R 55.790	63.043
Access charge per kVA per month.	R 18.240	20.611
Based on highest of notified or previous 12 months highest demand.		
Energy charge c/kWh (Periods as per Eskom Megaflex)		
High Demand: (June, July, August)		
Peak	194.378	219.647
Standard	63.572	71.837
Off-Peak	42.195	47.681
Low Demand: (Other Months)		
Peak	66.989	75.698
Standard	47.862	54.084
Off-Peak	38.778	43.819
Reactive energy charge.		
A charge for all reactive energy which exceed 30% of the real energy		
(kWh) per half hour period in the peak and standard periods only (c/kvarh)		4.864 5.496

Day	Peak	Standard	Off-Peak
Week Day			00:00-06:00
		06:00-07:00	
	07:00-10:00	10:00-18:00	
	18:00-20:00	20:00-22:00	22:00-24:00
Saturday			00:00-07:00
		07:00-12:00	12:00-18:00
		18:00-20:00	20:00-24:00
Sunday			00:00-24:00

The table below indicates the treatment of public holidays for the Time of Use tariff			
Date	Day	Actual day of the week	Day treated as
09 August 2011	National Women's Day	Tuesday	Saturday
24 September 2011	Heritage Day	Saturday	Saturday
16 December 2011	Day of Reconciliation	Friday	Saturday
25 December 2011	Christmas Day	Sunday	Sunday
26 December 2011	Day of Goodwill	Monday	Sunday
01 January 2012	New Year's Day	Sunday	Sunday
02 January 2012	Public Holiday	Monday	Saturday
21 March 2012	Human Rights Day	Wednesday	Saturday
06 April 2012	Good Friday	Friday	Sunday

**INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT
ELECTRICITY DISTRIBUTION MANAGEMENT**

City Electrical Engineers

VOTE 703	SUB 463	ITEM 8382
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2011/12
Excl. Vat

2012/13
Excl. Vat
8%

CHARGES FOR PUBLIC LIGHTING SERVICES TO NON-MUNICIPAL CUSTOMERS
CHARGES FOR PUBLIC LIGHTING SERVICES TO MUNICIPAL APPLICATIONS

L1	Lights: Whole Night (incl Maintenance) Fixed-R /light/month	R 23.97	R 25.89
	Energy charge per 100 Watt per month if not measured	R 16.665	R 18.831
	Energy charge if measured (cents) per kWh	45.621	51.552
L2	Lights: 24 hour (incl Maintenance) Fixed-R /light/month	R 23.97	R 25.89
	Energy charge per 100 Watt per month if not measured	R 59.927	R 67.718
	Energy charge if measured (cents) per kWh	49.320	55.732
L3	Lights: Whole Night High Mast (incl. Maintenance) Fixed-R /light/month	R 479.45	R 517.81
	Energy charge per 100 Watt per month if not measured	R 48.920	R 55.280
	Energy charge if measured (cents) per kWh	45.621	51.552
L4	Lights: 24 Hrs Traffic (Excl. Maintenance) Maintenance charged at actual cost	Actual Cost	

Energy charge per 100 Watt per month if not measured	R 59.927	R 67.718
Energy charge if measured (cents) per kWh	49.320	55.732

**INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT
ELECTRICITY DISTRIBUTION MANAGEMENT**

City Electrical Engineers

VOTE 713	SUB 873	ITEM 1000
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2011/12
Excl. Vat
2012/13
Excl. Vat
8%

New Connection

- 1 Bylaw 27(12)(a)
Normal domestic business premises:
- (a) (single phase service connection with a maximum capacity of 80A with a credit meter):
Plus the cost of labour and material
- (single phase service connection with a maximum capacity of 80A with a prepayment meter):
Plus the cost of labour and material
- Plus the cost of providing and laying or mounting the underground cable or overhead wiring, as the case may be, within the consumer's property boundary
- Plus the cost of providing and laying or mounting the underground cable or overhead wiring, as the case may be, within the consumer's property boundary
- (b) Surcharge raised for the reinstatement of single phase domestic services that have been removed for tampering (including illegal reconnection of disconnected service):
- | | | |
|-----------------------------|----------|----------|
| First offence | R 10,800 | R 11,664 |
| Second offence | R 16,200 | R 17,496 |
| Third or subsequent offence | R 27,000 | R 29,160 |
- (c) Surcharge raised for the reinstatement of single phase domestic services that have been removed for tampering (including illegal reconnection of disconnected service):
- | | | |
|-----------------------------|-----------|-----------|
| First offence | R 270,000 | R 291,600 |
| Second offence | R 324,000 | R 349,920 |
| Third or subsequent offence | R 540,000 | R 583,200 |
- (d) Tampering with Electricity Meters or Metering Installations: Domestic & Business

Disconnection Fee	R 625	R 675
Back dated consumption (calculated based on estimated tampering period)		

(e) **Additional Charges: Illegal Connection and Reconnection**

(i) Copper Theft	Theft of Material Buying of stolen material	Immediate Arrest Immediate Arrest	
(ii) Illegal service connection - Connector		Immediate Arrest	
(iii) Interference with other consumer's equipment		R 1,000	R 1,080
(iv) Failure to comply with any issued notice		R 200	R 216
(v) Improper use of Electricity		R 500	R 540
(vi) Property access to inspect equipment is denied		R 300	R 324
(vii) Refusing to provide information		R 200	R 216
(viii) Rendering false information		R 200	R 216
(ix) Refusal of admittance		R 200	R 216
(x) Restricted access to meter room		R 200	R 216
(xi) Resale of electricity without a license or approval		R 200	R 216
(xii) Selling or supplying electricity without authority		R 500	R 540
(xiii) Standby Equipment connected to network without authority		R 500	R 540
(f) Tampering with installed anti-tampering seals		R 2,000	R 2,160
(g) Use of Electricity supply without a signed consumer agreement with the Municipality		R 500	R 540
(h) Unkept substation equipment accommodation room		R 500	R 540
(i) Unkept meter rooms		R 500	R 540
(j) Unlocked meter rooms		R 500	R 540

VOTE 713	SUB 873	ITEM 1000
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2011/12 2012/13
Excl. Vat Excl. Vat

2

Bylaw 27 (12)(b)

In all other cases, the connection charges shall be calculated on the basis of maximum demand required in accordance with the following:

Maximum Demand	Basic Charge (Rands)		Basic Charge if no substation provided (Rands)
(kVA)	2011/12	2012/13	2011/12
0 – 25	3,408	3,681	0
26 – 50	6,390	6,901	0
51 – 65	8,128	8,778	0
66 – 100	12,235	13,214	0
101 – 130	15,725	16,983	0
131 – 200	23,993	25,913	0
201 – 315	60,469	65,307	19,470
316 – 500	71,414	77,127	42,451
501 – 800	88,495	95,575	77,580
801 – 1 000	104,747	113,126	104,747
More than 100 kva			

To these charges will be added the cost of providing and installing all cables and Council-owned equipment on the consumer's premises.

3

Bylaw 27 (13)(a)

Electrification projects (Low Cost Housing)

Fee for the installation and connection, for domestic or small power users, of service cable or line, electricity dispenser and, where necessary, power distribution unit:

(a)	For a single phase service up to 20A	R 183	R 197
(b)	For a single phase service up to 60A	R 1,217	R 1,315

VOTE 704	SUB 415	ITEM 8506
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1

Fee for attendance at or disconnection of consumer's Installation per meter:

	(a)	where due to non-payment of charges or fees or due to failure to make any required deposit or furnish any required security by the consumer in terms of these bylaws or to the breach by the consumer of any of these bylaws or any condition of his agreement	R 625	R 675		
			R 625	R 300		
	(b)	on the consumer's request for a temporary disconnection (11kV supply)	R 832	R 898		
	(c)	on the consumer's request for a temporary disconnection (low voltage supply)			R 517	R 558
	(d)	where a consumer's supply is disconnected at the supply mains			R 1,010	R 1,091
2		Fee for attendance in connection with a failure of supply	R 129	R 139		
3		Fee for testing				
	(a)	fee for testing and inspection of an installation (other than bona fide shock or fault of a serious nature)				
	(i)	Single dwelling unit				
		First visit inspection	R 621	R 671		
		Subsequent visits/inspections	R 309	R 334		
	(ii)	Any other installation	Actual Cost			
	(b)	fee for inspection of meter box upon certification by electrical contractor that a meter box is ready for inspection				
	(i)	First inspection	No Charge			
	(ii)	Any subsequent inspection	R 218	R 236		
4		Fee for testing accuracy of meter				
	(a)	Single-phase	R 380	R 410		
	(b)	Three-phase	R 566	R 611		
	(c)	Maximum demand	Actual Cost			
5		Fee for testing accuracy of tariff mcb				
	(a)	Single-phase service	R 334	R 361		
	(b)	Three-phase service	R 475	R 513		

**INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT
ELECTRICITY DISTRIBUTION MANAGEMENT**

City Electrical Engineers

	VOTE 704	SUB 415	ITEM 8506	2011/12 Excl. Vat	2012/13 Excl. Vat
6	Fee for change of tariff mcb				
(a)	Single-phase service			No Charge	
(b)	Three-phase			R 19	R 21
7	Fee for checking meter reading			R 105	R 113
	VOTE 704	SUB 415	ITEM 8010		
8	Accounting Charge			R 123	R 133

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2012/13 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.2.4 Sanitation and Impact of Tariff Increases

A tariff increase of 9 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 9 per cent for sanitation tariffs.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

Sewerage Tariffs

VOTE 202	SUB 469	ITEM 8439	2010/11 Excl. Vat	2011/12 Excl. Vat	2012/13 Excl. Vat
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Based on the relevant Water Scale
Sewerage Tariffs

9%

1	Scale 2 – Domestic/House	R 94.44	R 102.00	R 111.17
2	Home Business		R 115.00	R 125.35
3	Scale 3A – Flats/Simplexes per kl	R 5.01	R 5.41	R 5.90
4	Scale 4A – Business/Commercial per kl			
	0 - 400	R 5.12	R 5.53	R 6.03
	401 - 1000	R 4.78	R 5.16	R 5.63
	Greater than 1000	R 3.95	R 4.27	R 4.65
	Subject to a maximum of	R 20,604.00	R 22,252.32	R 24,255.03
5	Vacant Land	R 94.44	R 102.00	R 111.17
6	Scale 6 – Worship Places	R 180.17	R 194.58	R 212.10
7	Scale 8M – Municipal Departments per kl	R 5.12	R 5.53	R 6.03
8	Indigent Tariff	R 47.22	R 51.00	R 55.59

VOTE 202	SUB 469	ITEM 8346
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9	Scale 3c, 4c, 7c – Registered Welfare & Charitable Institutions & certain Sporting Bodies which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council.			
	per kl	R 5.12	R 5.53	R 6.03

Indigent Tariff

If the Indigent tariff for electricity 20 amp consumption is used, or where no electricity is consumed 50% rebate will apply for sewerage removal (see item 8 above).

1.2.5 Waste Removal and Impact of Tariff Increases

The following table compares current and proposed amounts payable from 1 July 2012:

Table 9 Comparison between current waste removal fees and increases

SERVICE		FREQUENCY	2011/1012 per month	5% INCREASE PROPOSED EX VAT 2012/2013 per month
DOMESTIC	3 BAGS	ONCE WEEKLY	65.97	69.26
FLATS/SIMPLEX	3 BAGS	ONCE WEEKLY	55.90	58.70

DOMESTIC BUSINESS	3 BAGS	ONCE WEEKLY	100.00	105.00
LIFELINE	3 BAGS	ONCE WEEKLY	32.08	33.68
BUSINESS	3 BAGS	ONCE WEEKLY	188.99	198.45
EXTRA DOMESTIC	3 X 85 LITRE BAGS	ONCE WEEKLY WITH NORMAL COLLECTION OTHER THAN NORMAL COLLECTION DAY	21.00	22.05
	3 X 85 LITRE BAGS BINS		117.00	122.85
BUSINESS	15M3	ONCE WEEKLY SECOND COLLECTION EACH ADDITIONAL	6565.00 1049.00 941.00	6893.25 1101.45 988.05
	15M3	ONCE OFF	2079.00	2182.95
BUSINESS	1.75M3	ONCE WEEKLY SECOND COLLECTION EACH ADDITIONAL	1486.33 178.00 156.00	1560.30 186.90 163.80
	1.75M3	ONCE OFF	725.00	761.25
BUSINESS	1100 LITRES	DISCONTINUED		
BUSINESS B5 LITRE BAGS	3 BAGS	ONCE WEEKLY TWICE WEEKLY EACH ADDITIONAL	55.00 122.00 121.00	57.75 128.10 127.05
BUSINESS 240 LITRE	240 LITRE	ONCE WEEKLY SECOND COLLECTION EACH ADDITIONAL	251.33 44.00 40.00	263.90 46.20 42.00
		OTHER THAN NORMAL COLLECTION DAY	121.00	127.05
BUSINESS 20M3	20M3	ONCE WEEKLY TWICE THRICE WEEKLY	2020.00 1417.00 1255.00	2121.00 1487.85 1317.75
		ONCE OFF	2086.00	2190.30
		ONCE OFF LOADED BY MSUNDUZI	2771.00	2909.55

1.3 Operating Expenditure Framework

The City's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	R ef	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type	-										
Employee related costs	2	521,275	660,087	634,106	657,096	660,205	660,205	660,205	667,707	668,334	701,082
Remuneration of councillors		15,467	19,384	18,418	20,954	35,374	35,374	35,374	34,000	34,017	35,684
Debt impairment	3	10,000	250,540	252,225	160,917	328,572	328,572	328,572	365,500	365,683	383,601
Depreciation & asset impairment	2	50,736	123,646	96,000	124,712	124,712	124,712	124,712	158,000	158,079	165,825
Finance charges		55,028	73,754	70,510	57,747	65,895	65,895	65,895	75,000	75,038	78,715
Bulk purchases	2	598,699	804,979	994,366	1,243,500	1,253,181	1,253,181	1,253,181	1,452,000	1,452,726	1,523,910
Contracted services		10,889	14,690	13,766	16,050	16,050	16,050	16,050	16,997	17,005	17,839
Transfers and grants		-	2,632	3,775	4,500	4,500	4,500	4,500	4,500	4,739	4,971
Other expenditure	4, 5	560,640	1,138,669	724,261	1,053,630	284,435	284,435	284,435	121,003	272,506	285,858
Loss on disposal of PPE		143	182								
Total Expenditure		1,827,270	3,090,274	2,807,426	3,339,106	2,772,925	2,772,925	2,772,925	2,894,707	3,048,126	3,197,485

The budgeted allocation for employee related costs for the 2012/13 financial year totals R668 million, which equals 24.16 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2012/13 financial year. An annual increase of 7.5 per cent has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). A 7.0 per cent increase has been factored in councillors remuneration.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the City. For the 2012/13 financial year this amount equates to R365 million and escalates to R383 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R158 million for the 2012/13 financial and equates to 5.5 per cent of the total operating expenditure.

Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.6 per cent (R75 million) of operating expenditure. As previously noted, the City has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 2 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Umgeni Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of, amongst others, the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure.

Contracted services had been identified as a cost saving area for the City. As part of the compilation of the 2011/12 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R16 million and has escalated by just 5.9 per cent, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 5.3 and 4.9 per cent.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.

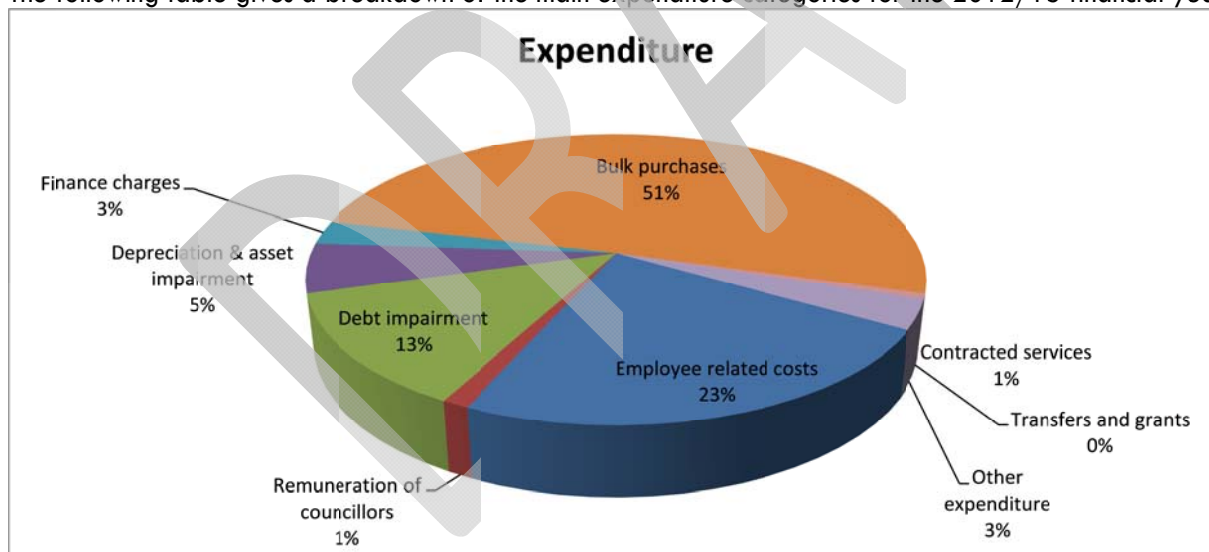


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials, contracted services and Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register 90 000 or more indigent households during the 2012/13 financial year, a process reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by funding:

Table 11 2012/13 Medium-term capital budget per funding

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
-										
Capital Transfers and Grants										
National Government:		77,648	125,649	73,225	287,122	197,197	197,197	208,599	211,379	176,005
Municipal Infrastructure Grant (MIG)		75,518	91,339	48,348	123,547	123,547	123,547	153,399	161,817	175,505
Public Transport and Systems		2,130	7,737	11,663	65,000	65,000	65,000	45,000	43,762	
Neighbourhood Development Partnership					4,000	6,650	6,650	700	300	500
Rural Households Infrastructure					2,000	2,000	2,000	4,500	5,500	
Dept of Mineral/Electricity Integrated National Electrification Programme				3,757	4,000	-	-	5,000		
Other capital transfers/grants			26,573	9,457	88,575					
Provincial Government:		-	-	11,429	16,000	-	-	21,415	4,000	4,300
Airport Development Project				11,429	16,000			19,315	4,000	4,300
Sport and Recreation								2,100		
Total Capital Transfers and Grants	5	77,648	125,649	84,654	303,122	197,197	197,197	230,014	215,379	180,305

Annual Budget Tables - Parent Municipality

The following pages present the nine of the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations and the balance of the table missing is a basic service delivery measurement. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 12 MBRR Table A1 - Budget Summary

KZN225 Msunduzi - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Financial Performance</u>										
Property rates	390,305	440,315	474,615	516,812	528,551	528,551	528,551	565,000	594,945	624,097
Service charges	894,795	1,159,391	539,717	1,669,786	1,690,452	1,690,452	1,690,452	1,961,306	2,065,255	2,166,453
Investment revenue	10,019	5,454	12,823	15,800	15,800	15,800	15,800	12,100	12,741	13,366
Transfers recognised - operational	181,063	276,022	300,842	326,131	326,131	326,131	326,131	365,204	413,725	442,058
Other own revenue	355,116	897,795	1,574,243	810,667	76,311	76,311	76,311	32,930	34,675	49,629
Total Revenue (excluding capital transfers and contributions)	1,831,298	2,778,976	2,902,241	3,339,196	2,637,244	2,637,244	2,637,244	2,936,540	3,121,341	3,295,603
Remuneration of councillors	15,467	19,384	18,418	20,954	35,374	35,374	35,374	34,000	34,017	35,684
Depreciation & asset impairment	50,736	123,646	96,000	124,712	124,712	124,712	124,712	158,000	158,079	165,825
Finance charges	55,028	73,754	70,510	57,747	65,895	65,895	65,895	75,000	75,038	78,715
Materials and bulk purchases	603,092	806,690	994,366	1,243,500	1,253,181	1,253,181	1,253,181	1,452,000	1,452,726	1,523,910
Transfers and grants	-	2,632	3,775	4,500	4,500	4,500	4,500	4,500	4,739	4,971
Other expenditure	581,672	1,404,082	990,252	1,230,597	629,058	629,058	629,058	503,500	655,194	687,299
Total Expenditure	1,827,270	3,090,274	2,807,426	3,339,106	2,772,925	2,772,925	2,772,925	2,894,707	3,048,126	3,197,485
Surplus/(Deficit)	4,028	(311,298)	94,814	90	(135,681)	(135,681)	(135,681)	41,833	73,215	98,118
Transfers recognised - capital	97,771	78,407	84,654	411,313	351,441	351,441	351,441	230,014	215,379	180,305
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	101,798	(232,891)	179,468	411,403	215,760	215,760	215,760	271,847	288,594	278,423
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	101,798	(232,891)	179,468	411,403	215,760	215,760	215,760	271,847	288,594	278,423
<u>Capital expenditure & funds sources</u>										
Capital expenditure	236,817	176,033	111,149	411,313	351,441	351,441	351,441	230,014	215,379	180,305
Transfers recognised - capital	86,817	78,407	84,654	303,122	197,197	197,197	197,197	230,014	215,379	180,305
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	150,000	97,626	26,495	108,191	102,374	102,374	102,374	-	-	-
Internally generated funds	-	-	-	-	51,870	51,870	51,870	-	-	-
Total sources of capital funds	236,817	176,033	111,149	411,313	351,441	351,441	351,441	230,014	215,379	180,305
<u>Financial position</u>										
Total current assets	519,770	448,389	623,535	1,020,914	940,873	940,873	940,873	983,550	1,035,679	1,086,427
Total non current assets	1,998,381	6,766,605	5,767,991	7,135,925	5,155,648	5,155,648	5,155,648	7,122,168	7,499,643	7,867,126
Total current liabilities	560,022	573,082	527,439	350,218	333,895	333,895	333,895	604,490	636,528	667,717
Total non current liabilities	1,253,981	626,760	750,943	541,347	731,759	731,759	731,759	649,894	684,339	717,871
Community wealth/Equity	179,558	667,626	655,101	59,108	55,112	55,112	55,112	53,258	56,081	58,829
<u>Cash flows</u>										
Net cash from (used) operating	455,037	278,320	480,683	290,512	282,448	282,448	282,448	230,268	244,812	219,241
Net cash from (used) investing	(188,279)	(327,794)	(111,149)	(411,313)	(282,564)	(282,564)	(282,564)	(230,014)	(215,379)	(180,305)
Net cash from (used) financing	50,846	156,475	(22,046)	147,310	96,777	96,777	96,777	-	-	-
Cash/cash equivalents at the year end	317,604	424,605	772,094	238,509	390,487	390,487	390,487	254	29,687	68,623
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	114,798	139,884	293,827	178,345	480,410	480,410	480,410	573,374	603,763	633,347
Application of cash and investments	144,962	403,032	200,168	(312,554)	(152,502)	(152,502)	(152,502)	61,094	64,333	69,154
Balance - surplus (shortfall)	(30,164)	(263,148)	93,659	490,899	632,912	632,912	632,912	512,280	539,430	564,193

<u>Asset management</u>										
Asset register summary (WDV)	875,843	6,761,808	412,589	7,127,367	6,109,971	6,109,971	5,563,121	5,563,121	5,857,966	6,145,007
Depreciation & asset impairment	50,736	123,646	96,000	124,712	124,712	124,712	158,000	158,000	158,079	165,825
Renewal of Existing Assets	76,982	95,810	88,822	152,603	124,493	124,493	124,493	119,912	171,617	180,305
Repairs and Maintenance	71,701	126,447	57,394	99,214	113,409	113,409	55,149	55,149	58,072	60,917
<u>Free services</u>										
Cost of Free Basic Services provided	67,332	39,245	-	11,188	11,188	11,188	-	-	-	-
Revenue cost of free services provided	84,855	71,326	-	304,835	304,835	304,835	-	-	-	-
<u>Households below minimum service level</u>										
Water:	49	2	-	1	1	1	-	-	-	-
Sanitation/sewerage:	25	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	40	58	-	85	85	85	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN225 Msunduzi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
<i>Governance and administration</i>		542,520	910,368	1,029,518	984,090	586,060	586,060	638,194	682,577	716,397
Executive and council office	499	465	700	304	236	236	236	—	—	—
Budget and treasury	536,867	891,241	1,006,189	967,451	571,930	571,930	571,930	627,231	661,024	693,816
Corporate services	5,155	18,662	22,629	16,335	13,894	13,894	13,894	10,963	21,553	22,581
Community and public safety	82,010	77,867	31,697	23,639	17,852	17,852	17,852	11,537	26,020	25,518
Community and social services	18,023	5,699	4,659	3,260	3,114	3,114	3,114	—	—	—
Public safety	16,086	9,564	9,145	8,007	4,819	4,819	4,819	—	—	—
Housing	38,713	50,924	4,485	6,936	7,180	7,180	7,180	9,000	26,020	25,518
Health	8,187	10,779	12,612	298	17	17	17	2,537	—	—
Economic and environmental services	70,713	25,601	34,364	123,052	5,515	5,515	5,515	—	—	—
Planning and development	24,656	10,811	5,441	9,861	3,300	3,300	3,300	—	—	—
Road transport	46,052	14,790	28,923	113,192	2,215	2,215	2,215	—	—	—
Environmental protection	5	—	—	—	—	—	—	—	—	—
Trading services	1,118,015	1,462,672	1,762,600	2,175,745	1,998,095	1,998,095	1,998,095	2,286,808	2,412,744	2,553,688
Electricity	668,732	945,257	1,069,468	1,336,976	1,354,043	1,354,043	1,354,043	1,549,820	1,634,389	1,731,368
Waste water management	2	144,855	142,223	177,408	161,521	161,521	161,521	174,109	184,514	195,319
Waste management	154,886	65,559	77,360	124,836	123,796	123,796	123,796	136,384	143,204	151,979
Total Revenue - Standard	2	1,831,298	2,506,169	2,902,241	3,339,196	2,637,244	2,637,244	2,936,539	3,121,341	3,295,603
Expenditure - Standard										
<i>Governance and administration</i>		139,906	514,290	562,611	862,870	443,719	443,719	502,460	529,632	555,584
Executive and council office	4,140	—	—	69,787	67,076	67,076	67,076	61,352	64,604	67,770
Budget and treasury	134,346	448,665	477,872	611,127	166,333	166,333	166,333	213,677	224,683	235,693
Corporate services	1,420	65,625	84,739	181,956	210,310	210,310	210,310	227,431	240,345	252,122
Community and public safety	341,783	419,190	403,145	394,984	357,707	357,707	357,707	354,777	378,038	396,562
Community and social services	57,267	40,432	44,617	44,543	40,134	40,134	40,134	38,980	41,143	43,159
Sport and recreation	62,117	85,786	94,720	91,985	72,111	72,111	72,111	76,465	81,316	85,300
Public safety	110,893	169,146	173,748	178,176	177,870	177,870	177,870	167,355	179,684	188,488
Housing	60,656	69,528	34,718	31,954	24,446	24,446	24,446	27,621	29,085	30,510
Health	50,850	54,298	55,342	48,326	43,147	43,147	43,147	44,356	46,810	49,104
Economic and environmental services	274,894	217,935	217,368	279,704	153,950	153,950	153,950	163,047	172,687	181,149
Planning and development	54,294	45,815	38,536	71,569	62,205	62,205	62,205	65,604	69,640	73,052
Road transport	174,105	172,120	178,832	208,135	91,745	91,745	91,745	97,443	103,048	108,097
Environmental protection	46,495	—	—	—	—	—	—	—	—	—
Trading services	1,046,357	1,547,821	1,570,409	1,753,639	1,771,448	1,771,448	1,771,448	1,823,407	1,913,661	2,007,431
Electricity	579,424	991,966	936,543	1,074,907	1,076,520	1,076,520	1,076,520	1,061,083	1,103,015	1,157,063
Water	271,716	336,009	416,245	526,197	522,995	522,995	522,995	595,855	627,553	658,303
Waste water management	3,796	118,086	126,757	79,852	96,312	96,312	96,312	99,474	106,453	111,669
Waste management	191,421	101,761	90,864	72,683	75,622	75,622	75,622	66,995	76,640	80,395
Other	4	24,330	39,914	53,895	47,911	46,101	46,101	51,017	54,107	56,759
Total Expenditure - Standard	3	1,827,270	2,739,151	2,807,427	3,339,106	2,772,926	2,772,926	2,894,707	3,048,126	3,197,485
Surplus/(Deficit) for the year		4,028	(232,981)	94,814	90	(135,682)	(135,682)	41,832	73,216	98,119

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into functional areas. Municipal

revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN225 Msunduzi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - Corporate Services and Planning		–	15,487	–	6,842	452	452	–	–	–
Vote 2 - Financial Management Area		–	891,528	–	985,439	572,272	572,272	627,231	661,024	693,816
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management		–	1,548,538	–	2,314,053	2,024,771	2,024,771	2,295,808	2,438,764	2,579,206
Vote 4 - Sustainable Community Service Delivery Provision Management		–	50,616	–	32,862	39,749	39,749	13,500	21,553	22,581
Total Revenue by Vote	2	–	2,506,169	–	3,339,196	2,637,244	2,637,244	2,936,539	3,121,341	3,295,603
Expenditure by Vote to be appropriated	1									
Vote 1 - Corporate Services and Planning		–	16,912	–	213,713	184,003	184,003	196,950	208,263	218,468
Vote 2 - Financial Management Area		–	470,475	–	657,457	216,384	216,384	253,417	267,014	280,098
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management		–	1,860,308	–	2,080,076	1,987,828	1,987,828	2,048,753	2,151,166	2,256,575
Vote 4 - Sustainable Community Service Delivery Provision Management		–	391,455	–	387,859	384,710	384,710	395,587	421,683	442,345
Total Expenditure by Vote	2	–	2,739,151	–	3,339,106	2,772,925	2,772,925	2,894,707	3,048,126	3,197,486
Surplus/(Deficit) for the year	2	–	(232,981)	–	90	(135,681)	(135,681)	41,832	73,215	98,118

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Revenue By Source											
Property rates	2	371,363	420,030	448,257	488,358	500,096	500,096	500,096	535,000	563,355	590,959
Property rates - penalties & collection charges		18,942	20,285	26,358	28,455	28,455	28,455	28,455	30,000	31,590	33,138
Service charges - electricity revenue	2	584,115	816,263	101,459	1,185,517	1,227,850	1,227,850	1,227,850	1,424,306	1,499,794	1,573,284
Service charges - water revenue	2	199,654	213,633	270,107	301,906	285,317	285,317	285,317	348,000	366,444	384,400
Service charges - sanitation revenue	2	64,783	76,207	102,592	113,760	107,432	107,432	107,432	114,000	120,042	125,924
Service charges - refuse revenue	2	46,242	53,287	65,559	68,603	69,853	69,853	69,853	75,000	78,975	82,845
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		17,099	15,571	17,313	18,261	18,261	18,261	18,261	10,000	10,530	11,046
Interest earned - external investments		10,019	5,454	12,823	15,800	15,800	15,800	15,800	12,100	12,741	13,366
Interest earned - outstanding debtors		19,812	1,304	47,437	1,019	1,019	1,019	1,019	1,080	1,137	1,193
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		11,521	7,084	5,354	6,073	6,073	6,073	6,073	2,000	2,106	2,209
Licences and permits		66	72	89	90	90	90	90	95	100	105
Agency services		4,862	1,435	577	335	335	335	335	355	374	392
Transfers recognised - operational		181,063	276,022	300,842	326,131	326,131	326,131	326,131	365,204	413,725	442,058
Other revenue	2	301,756	872,328	1,503,474	784,890	50,534	50,534	50,534	19,400	20,428	34,684
Total Revenue (excluding capital transfers and contributions)		1,831,298	2,778,976	2,902,241	3,339,196	2,637,244	2,637,244	2,637,244	2,936,540	3,121,341	3,295,603
Expenditure											
Employee related costs	2	521,275	660,087	634,106	657,096	660,205	660,205	660,205	667,707	668,334	701,082
Remuneration of councillors		15,467	19,384	18,418	20,954	35,374	35,374	35,374	34,000	34,017	35,684
Debt impairment	3	10,000	250,540	252,225	160,917	328,572	328,572	328,572	365,500	365,683	383,601
Depreciation & asset impairment	2	50,736	123,646	96,000	124,712	124,712	124,712	124,712	158,000	158,079	165,825
Finance charges		55,028	73,754	70,510	57,747	65,895	65,895	65,895	75,000	75,038	78,715
Bulk purchases	2	598,699	804,979	994,366	1,243,500	1,253,181	1,253,181	1,253,181	1,452,000	1,452,726	1,523,910
Other materials	8	4,393	1,711	—	—	—	—	—	—	—	—
Contracted services		10,889	14,690	13,766	16,050	16,050	16,050	16,050	16,997	17,005	17,839
Transfers and grants	4,	—	2,632	3,775	4,500	4,500	4,500	4,500	4,500	4,739	4,971
Other expenditure	5	560,640	1,138,669	724,261	1,053,630	284,435	284,435	284,435	121,003	272,506	285,858
Loss on disposal of PPE		143	182	—	—	—	—	—	—	—	—
Total Expenditure		1,827,270	3,090,274	2,807,426	3,339,106	2,772,925	2,772,925	2,772,925	2,894,707	3,048,126	3,197,485
Surplus/(Deficit)		4,028	(311,298)	94,814	90	(135,681)	(135,681)	(135,681)	41,833	73,215	98,118
Transfers recognised - capital	6	97,771	78,407	84,654	411,313	351,441	351,441	351,441	230,014	215,379	180,305
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		101,798	(232,891)	179,468	411,403	215,760	215,760	215,760	271,847	288,594	278,423
Taxation		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		101,798	(232,891)	179,468	411,403	215,760	215,760	215,760	271,847	288,594	278,423
Attributable to minorities	7	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		101,798	(232,891)	179,468	411,403	215,760	215,760	215,760	271,847	288,594	278,423
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year		101,798	(232,891)	179,468	411,403	215,760	215,760	215,760	271,847	288,594	278,423

1.

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R2.6 million in 2011/12 and escalates to R2.9 million by 2012/13. This represents a year-on-year increase of 11.3 per cent for the 2012/13 financial year and 18.4 per cent for the 2013/14 financial year.

Expenditure by major type

2. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	R ef	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Corporate Services and Planning		-	7,373	3,552	36,560	12,824	12,824	12,824	-	-	-
Vote 2 - Financial Management Area		-	4,975	152	-	20	20	20	-	-	-
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management		-	130,572	91,807	316,516	327,136	327,136	327,136	163,117	205,879	176,005
Vote 4 - Sustainable Community Service Delivery Provision Management		-	33,113	15,638	58,237	11,460	11,460	11,460	32,815	4,000	4,300
Capital multi-year expenditure sub-total	7	-	176,033	111,149	411,313	351,441	351,441	351,441	195,932	209,879	180,305
Single-year expenditure to be appropriated	2										
Vote 1 - Corporate Services and Planning		-	-	-	-	-	-	-	5,150	-	-
Vote 2 - Financial Management Area		-	-	-	-	-	-	-	-	-	-
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management		-	-	-	-	-	-	-	15,636	5,500	-
Vote 4 - Sustainable Community Service Delivery Provision Management		-	-	-	-	-	-	-	13,296	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	34,082	5,500	-
Total Capital Expenditure - Vote		-	176,033	111,149	411,313	351,441	351,441	351,441	230,014	215,379	180,305
Capital Expenditure - Standard											
Governance and administration		6,900	15,401	7,557	19,500	30,473	30,473	30,473	10,300	300	500
Executive and council			41	235		-	-	-	4,150		
Budget and treasury office		6,900	15,360	7,323	15,000	30,473	30,473	30,473	6,150	300	500
Corporate services					4,500	-	-	-			
Community and public safety		18,381	26,301	612	76,297	13,763	13,763	13,763	26,146	5,500	-
Community and social services		3,381	4,090	436	65,160	10,017	10,017	10,017	13,500		
Sport and recreation		5,000	943			1,403	1,403	1,403	7,100		
Public safety			18,103	165		-	-	-			
Housing		10,000	2,370	11		-	-	-	4,500	5,500	
Health			794		11,137	2,343	2,343	2,343	1,046		
Economic and environmental services		138,242	34,816	46,382	126,175	115,714	115,714	115,714	78,748	205,579	175,505
Planning and development		3,650	2,235			20	20	20			
Road transport		134,592	32,581	46,382	126,175	115,694	115,694	115,694	78,748	205,579	175,505
Environmental protection											
Trading services		69,494	95,412	45,413	173,341	191,479	191,479	191,479	95,505	-	-
Electricity		6,000	21,459	16,592	60,361	94,281	94,281	94,281	9,083		

Water		9,273	16,850	12,860	106,503	22,958	22,958	22,958	43,169		
Waste water management		54,221	53,477	15,491		43,132	43,132	43,132	41,200		
Waste management			3,626	471	6,477	31,107	31,107	31,107	2,053		
Other		3,800	4,104	11,184	16,000	12	12	12	19,315	4,000	4,300
Total Capital Expenditure - Standard	3	236,817	176,033	111,149	411,313	351,441	351,441	351,441	230,014	215,379	180,305
Funded by:											
National Government		74,217	77,037	73,020	303,122	197,197	197,197	197,197	208,599	211,379	176,005
Provincial Government		12,600	1,371	11,429					21,415	4,000	4,300
Other transfers and grants				205							
Transfers recognised - capital	4	86,817	78,407	84,654	303,122	197,197	197,197	197,197	230,014	215,379	180,305
Borrowing	6	150,000	97,626	26,495	108,191	102,374	102,374	102,374			
Internally generated funds						51,870	51,870	51,870			
Total Capital Funding	7	236,817	176,033	111,149	411,313	351,441	351,441	351,441	230,014	215,379	180,305

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of expenditure by funding (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. Table 17 MBRR Table A6 - Budgeted Financial Position

KZN225 Msunduzi - Table A6 Budgeted Financial Position

Description	R ef	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		1,860	1,860		31,183	31,183	31,183	31,183	61,417	64,672	67,841
Call investment deposits	1	112,867	138,024	293,827	145,000	447,065	447,065	447,065	511,892	539,022	565,434
Consumer debtors	1	320,310	214,803	256,890	763,276	338,479	338,479	338,479	354,739	373,540	391,843
Other debtors		18,936	28,690	13,408	49,391	49,391	49,391	49,391	1,784	1,878	1,970
Current portion of long-term receivables		1,492	1,445	1,487		13,408	13,408	13,408			
Inventory	2	64,305	63,567	57,922	32,064	61,347	61,347	61,347	53,720	56,567	59,339
Total current assets		519,770	448,389	623,535	1,020,914	940,873	940,873	940,873	983,550	1,035,679	1,086,427
Non current assets											
Long-term receivables		4,686	4,190		6,397	6,397	6,397	6,397	7,963	8,385	8,796
Investments		71			2,162	2,162	2,162	2,162	66	69	73
Investment property		534,167	534,167	405,306	534,167	405,306	405,306	405,306	405,306	426,787	447,700
Investment in Associate Property, plant and equipment	3	1,455,687	6,221,719	5,348,707	6,586,191	4,734,775	4,734,775	4,734,775	6,708,834	7,064,402	7,410,558
Agricultural		–									
Biological		–			543	543	543	543			
Intangible		3,770	6,465	7,283	6,465	6,465	6,465	6,465			
Other non-current assets		–	64	6,695							
Total non current assets		1,998,381	6,766,605	5,767,991	7,135,925	5,155,648	5,155,648	5,155,648	7,122,168	7,499,643	7,867,126
TOTAL ASSETS		2,518,151	7,214,995	6,391,526	8,156,839	6,096,521	6,096,521	6,096,521	8,105,719	8,535,322	8,953,553
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	85,434	47,969	39,691	41,734	39,409	39,409	39,409	70,219	73,941	77,564
Consumer deposits		34,808	35,794		39,034	70,233	70,233	70,233	70,219	73,941	77,564

Trade and other payables	4	439,781	489,319	487,748	269,450	224,253	224,253	224,253	464,051	488,646	512,590
Provisions											
Total current liabilities		560,022	573,082	527,439	350,218	333,895	333,895	333,895	604,490	636,528	667,717
Non current liabilities											
Borrowing		339,781	570,129	518,942	474,561	658,390	658,390	658,390	647,309	681,617	715,016
Provisions		914,200	56,631	232,001	66,787	73,370	73,370	73,370	2,585	2,722	2,856
Total non current liabilities		1,253,981	626,760	750,943	541,347	731,759	731,759	731,759	649,894	684,339	717,871
TOTAL LIABILITIES		1,814,003	1,199,842	1,278,382	891,565	1,065,654	1,065,654	1,065,654	1,254,384	1,320,866	1,385,589
NET ASSETS	5	704,148	6,015,153	5,113,144	7,265,274	5,030,867	5,030,867	5,030,867	6,851,335	7,214,456	7,567,964
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)											
Reserves	4	179,558	667,626	655,101	59,108	55,112	55,112	55,112	53,258	56,081	58,829
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	179,558	667,626	655,101	59,108	55,112	55,112	55,112	53,258	56,081	58,829

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

5. Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

KZN225 Msunduzi - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		2,139,578	1,924,973	2,356,073	2,041,948	2,071,348	2,071,348	2,071,348	2,273,675	2,394,180	2,511,495
Government - operating	1	375,100	212,139		326,131	338,300	338,300	338,300	365,204	413,725	442,058
Government - capital	1				303,122	197,200	197,200	197,200	230,014	215,379	180,305
Interest		29,831	31,750	51,796	41,822	15,800	15,800	15,800	12,100	12,741	13,366
Dividends											
Payments											
Suppliers and employees		(2,008,878)	(1,816,788)	(1,855,618)	(2,360,264)	(2,239,705)	(2,239,705)	(2,239,705)	(2,571,225)	(2,707,500)	(2,840,167)
Finance charges		(80,593)	(73,754)	(71,568)	(57,747)	(65,895)	(65,895)	(65,895)	(75,000)	(78,975)	(82,845)
Transfers and Grants	1				(4,500)	(34,600)	(34,600)	(34,600)	(4,500)	(4,739)	(4,971)
NET CASH FROM/(USED) OPERATING ACTIVITIES		455,037	278,320	480,683	290,512	282,448	282,448	282,448	230,268	244,812	219,241
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (increase) in non-current debtors						298	298	298			
Decrease (increase) other non-current receivables		(8,164)	(451)			-	-	-			
Decrease (increase) in non-current investments						(2,162)	(2,162)	(2,162)			
Payments											
Capital assets		(180,115)	(327,343)	(111,149)	(411,313)	(280,700)	(280,700)	(280,700)	(230,014)	(215,379)	(180,305)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(188,279)	(327,794)	(111,149)	(411,313)	(282,564)	(282,564)	(282,564)	(230,014)	(215,379)	(180,305)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		120,000	201,428	(56,885)	181,219	123,361	123,361	123,361			
Increase (decrease) in consumer deposits		12,373	2,461	34,839	5,500	(400)	(400)	(400)			
Payments											
Repayment of borrowing		(81,528)	(47,413)		(39,409)	(26,184)	(26,184)	(26,184)			
NET CASH FROM/(USED) FINANCING ACTIVITIES		50,846	156,475	(22,046)	147,310	96,777	96,777	96,777	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		317,604	107,001	347,489	26,509	96,660	96,660	96,660	254	29,433	38,936
Cash/cash equivalents at the year begins:	2		317,604	424,605	212,000	293,827	293,827	293,827		254	29,687
Cash/cash equivalents at the year end:	2	317,604	424,605	772,094	238,509	390,487	390,487	390,487	254	29,687	68,623

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN225 Msunduzi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	317,604	424,605	772,094	238,509	390,487	390,487	390,487	254	29,687	68,623
Other current investments > 90 days		(202,877)	(284,721)	(478,267)	(62,326)	87,761	87,761	87,761	573,054	574,007	564,652
Non current assets - Investments	1	71	—	—	2,162	2,162	2,162	2,162	66	69	73
Cash and investments available:		114,798	139,884	293,827	178,345	480,410	480,410	480,410	573,374	603,763	633,347
Application of cash and investments											
Unspent conditional transfers		102,271	140,882	121,164	—	—	—	—	201,444	212,120	222,514
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2										
Other working capital requirements	3	(138,855)	135,020	79,005	(312,554)	(152,502)	(152,502)	(152,502)	(140,350)	(147,788)	(153,361)
Other provisions		1,988									
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	179,558	127,130								
Total Application of cash and investments:		144,962	403,032	200,168	(312,554)	(152,502)	(152,502)	(152,502)	61,094	64,333	69,154
Surplus(shortfall)		(30,164)	(263,148)	93,659	490,899	632,912	632,912	632,912	512,280	539,430	564,193

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
3. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN225 Msunduzi - Table A9 Asset Management

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
Total New Assets	1	236,817	176,033	22,327	258,710	226,948	226,948	110,102	43,762	—
Infrastructure - Road transport		134,592	32,581	10,753	4,500	350	350	45,000	43,762	—
Infrastructure - Electricity		7,000	21,459	5,482	34,000	38,759	38,759	4,083	—	—
Infrastructure - Water		9,723	16,850	886	43,429	22,961	22,961	25,419	—	—
Infrastructure - Sanitation		54,221	—	1,055	—	—	—	—	—	—
Infrastructure - Other		2,206	55,604	—	59,904	53,392	53,392	15,000	—	—
Infrastructure		207,742	126,494	18,176	141,833	115,462	115,462	89,502	43,762	—
Community		10,637	33,175	80	97,377	96,454	96,454	20,600	—	—
Heritage assets										

		10,000	5,711	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	8,438	10,654	4,070	19,500	15,032	15,032	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	76,982	95,810	88,822	152,603	124,493	124,493	119,912	171,617	180,305
Infrastructure - Road transport		20,496	25,990	35,629	27,275	30,264	30,264	33,748	167,617	176,005
Infrastructure - Electricity		-	4,900	11,109	26,361	55,992	55,992	5,000	-	-
Infrastructure - Water		19,811	27,507	11,974	-	-	-	17,750	-	-
Infrastructure - Sanitation		29,717	37,413	14,436	-	-	-	26,200	-	-
Infrastructure - Other		-	-	471	-	5,647	5,647	2,053	-	-
Infrastructure	-	70,024	95,810	73,619	53,636	91,903	91,903	84,751	167,617	176,005
Community	-	6,958	-	420	43,067	300	300	10,300	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	14,782	55,900	32,290	32,290	24,861	4,000	4,300
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
Infrastructure - Road transport		155,088	58,571	46,382	31,775	30,614	30,614	78,748	211,379	176,005
Infrastructure - Electricity		7,000	26,359	16,592	60,361	94,751	94,751	9,083	-	-
Infrastructure - Water		29,534	44,357	12,860	43,429	22,961	22,961	43,169	-	-
Infrastructure - Sanitation		83,938	37,413	15,491	-	-	-	26,200	-	-
Infrastructure - Other		2,206	55,604	471	59,904	59,039	59,039	17,053	-	-
Infrastructure		277,766	222,304	91,796	195,469	207,366	207,366	174,253	211,379	176,005
Community		17,595	33,175	500	140,444	96,754	96,754	30,900	-	-
Heritage assets		10,000	5,711	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		8,438	10,654	18,853	75,400	47,322	47,322	24,861	4,000	4,300
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	313,799	271,843	111,149	411,313	351,441	351,441	230,014	215,379	180,305
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		140,616	1,727,921		1,822,867	1,837,629	1,837,629	1,847,166	1,945,066	2,040,374
Infrastructure - Electricity		34,171	1,339,526		1,366,071	1,295,792	1,295,792	1,279,037	1,346,825	1,412,820
Infrastructure - Water		74,632	838,634		891,686	908,017	908,017	935,919	985,522	1,033,813
Infrastructure - Sanitation			488,307		543,765	581,743	581,743	610,703	643,070	674,581
Infrastructure - Other		31,662	470,758		473,565	500,724	500,724	484,991	510,695	535,719
Infrastructure		281,081	4,865,147	-	5,097,954	5,123,906	5,123,906	5,157,815	5,431,179	5,697,307
Community		46,960	528,327		573,751	573,751	573,751			
Heritage assets										
Investment properties		534,167	534,167	405,306	534,167	405,306	405,306	405,306	426,787	447,700
Other assets		9,865	827,701		914,487					
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	543	543	543	-	-	-
Intangibles		3,770	6,465	7,283	6,465	6,465	6,465	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	875,843	6,761,808	412,589	7,127,367	6,109,971	6,109,971	5,563,121	5,857,966	6,145,007

EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		50,736	123,646	96,000	124,712	124,712	124,712	158,000	158,079	165,825
Repairs and Maintenance by Asset Class	3	71,701	126,447	57,394	99,214	113,409	113,409	55,149	58,072	60,917
Infrastructure - Road transport		3,858	32,919	1,596	4,793	5,035	5,035	2,865	3,016	3,164
Infrastructure - Electricity		32,729	23,195	31,949	17,029	17,576	17,576	31,290	32,948	34,563
Infrastructure - Water		419	19,258	345	2,076	2,175	2,175	–	–	–
Infrastructure - Sanitation		266	8,254	–	134	141	141	–	–	–
Infrastructure - Other		13,744	435	405	–	–	–	–	–	–
Infrastructure		51,017	84,061	34,295	24,031	24,926	24,926	34,154	35,964	37,727
Community		8,474	1,974	3,218	13,804	14,418	14,418	2,014	2,121	2,225
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	12,210	40,413	19,881	61,378	74,065	74,065	18,980	19,986	20,965
TOTAL EXPENDITURE OTHER ITEMS		122,438	250,094	153,394	223,926	238,121	238,121	213,149	216,151	226,742
Renewal of Existing Assets as % of total capex		24.5%	35.2%	79.9%	37.1%	35.4%	35.4%	52.1%	79.7%	100.0%
Renewal of Existing Assets as % of deprecn"		151.7%	77.5%	92.5%	122.4%	99.8%	99.8%	75.9%	108.6%	108.7%
R&M as a % of PPE		4.9%	2.0%	1.1%	1.5%	2.4%	2.4%	0.8%	0.8%	0.8%
Renewal and R&M as a % of PPE		17.0%	3.0%	35.0%	4.0%	4.0%	4.0%	3.0%	4.0%	4.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.